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ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)

Financial Statements
For The Year Ended March 31, 2024
Together with Independent Auditor's Report

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS
For The Year Ended March 31, 2024
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

Index **Pages**

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INDEPENDENT AUDITOR'S REPORT

**TO: THE SHAREHOLDERS OF
ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Etihad Atheeb Telecommunication Company (the "Company"),** which comprise the statement of financial position as at March 31, 2024, the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements section" of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT ***(Continued)***
ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Revenue Recognition</th></tr>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The Company's revenue consists of telecommunication services represented primarily of data and internet revenue, interconnection revenue, enterprise solutions revenue, voice revenue, and installation revenue totaling to SR 1,016 million for the year ended March 31, 2024.

We considered this a key audit matter as the application of accounting standard for revenue recognition in the telecommunication sector includes number of key judgements and estimates. Additionally, there are inherent risks about the occurrence, accuracy, and completeness of revenues recorded due to the complexity associated with the network environment, dependency on IT applications, large volumes of data, as well as the materiality of the amounts related.</td><td>Our audit procedures included, among others, the following:
• Assessing the Company's revenue recognition policies, for compliance with IFRSs as endorsed by SOCPA.
• Assessing, with the assistance of our IT specialists, the design, implementation and operating effectiveness of management's key internal controls over the IT environment in which the business systems operate, including access controls, program change controls, program development controls and IT operation controls.
• Assessing the design, implementation and operating effectiveness of the manual controls over occurrence, accuracy, and completeness of revenue recognition.
• Performing tests on the accuracy of customer invoice issuance, on a sample basis.
• Performing analytical reviews of significant revenue streams.
• Assessing the adequacy of the relevant disclosures in the financial statements.</td></tr>
<tr><td colspan="2">Refer to note (4-12) for the accounting policy and note (22) for related disclosures.</td></tr>
</table>

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)
ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A SAUDI JOINT STOCK COMPANY)

Key Audit Matters *(Continued)*

<table>
<tr><th colspan="2">Provision for impairment of trade receivables</th></tr>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>As of March 31, 2024, the Company's gross trade receivables amounted to SR 397.3 million, against a provision for impairment of SR 121.7 million on trade receivables.

The Company followed the simplified expected credit loss model as required by IFRS 9 "Financial Instruments" to calculate the provision for impairment in the value of trade receivables. The Company built their model using the provision matrix based on credit loss rates instead of using the probability of default as a practical expedient as permitted in IFRS 9. The Company calibrates the matrix to adjust the historical experience of credit losses taking into account the forward-looking information of the forecasted economic conditions.

We considered this as a key audit matter as it involves complex calculations and use of assumptions by management in addition to the materiality of the amounts related.</td><td>Our audit procedures performed included, among others, the following:
• Assessing the design, implementation, and operating effectiveness of the key controls over the recording of trade receivables and settlements, and trade receivables aging reports.
• Checking the completeness and accuracy of the aging reports for trade receivables.
• Involving our expert to ensure the suitability of the model used by management and its compatibility with the requirements of IFRS 9 and the reasonableness of the significant assumptions used, including credit loss rates and those related to future economic events.
• Tested the mathematical accuracy of the ECL model.
• Assessing the adequacy of the relevant disclosures in the financial statements.</td></tr>
<tr><td colspan="2">Refer to notes (4-5) for the accounting policy and note (12) for related disclosures.</td></tr>
</table>

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)
ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A SAUDI JOINT STOCK COMPANY)

Key Audit Matters *(Continued)*

Impairment of non-financial assets	
Key audit matter	**How the matter was addressed in our audit**
As at March 31, 2024, the Company's financial position included non-financial assets amounting to SR 591.4 million. At each reporting date, the Company's management assesses whether there is any indication that non-financial assets may be impaired. If any indication exists, an assessment of the recoverable amounts for the non-financials assets is performed. The management has carried out an exercise to determine the recoverable amount of Cash Generating Units ("CGU"). We identified the impairment of non-financial assets as a key audit matter, as the impairment assessment involves a significant degree of management judgement in determining the key assumptions of recoverable amounts; such as; projected revenue, projected costs, growth rates, discount rate, etc.	Our audit procedures performed included, among others, the following: • Reviewing the management's process in identifying impairment indicators for non-financial assets. • Evaluating the reasonableness of management's assumptions and estimates in determining the recoverable amounts of the Company's CGUs, including those relating to projected revenue, projected costs, growth rates and discount rate, etc. This included involvement of our internal specialists in evaluating some of these assumptions against external benchmarks and knowledge of the Company and its industry. • Validating the mathematical accuracy of impairment models and agreed relevant data to the latest business plans and budgets. • Assessing the adequacy of the relevant disclosures in the financial statements.
Refer to notes (4-4) for the accounting policy and note (10) for related disclosures.	

Other Information
Management is responsible for the other information. The other information comprises the information included in the annual report for the fiscal year 2024 but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report and conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

INDEPENDENT AUDITOR'S REPORT ***(Continued)***
ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulation for Companies, Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of Directors, are responsible for overseeing the Company's Financial Reporting Process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Recognize and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, because fraud may involve collusion, forgery, intentional omissions, misleading statements, or the override of internal control.

- Reach to understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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INDEPENDENT AUDITOR'S REPORT *(Continued)*
ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)

Auditor's Responsibilities for the Audit of the Financial Statements *(Continued)*

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and, which are considered the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

شركة حلول كرو للإستشارات المهنية
C.R. No. 1010466353
سجل تجاري رقم ١٠١٠٤٦٦٣٥٣
Crowe Solutions For Professional Consulting

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For Professional Consulting

Abdullah M. Al Azem
License No. 335

2 Dhu al-Hijjah 1445H (Corresponding to June 8, 2024).
Riyadh, Kingdom of Saudi Arabia

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
As of March 31, 2024
(Saudi Riyal)

	Note	As of March 31, 2024	2023
Non-current assets			
Property and equipment, net	6	163,711,051	121,077,820
Intangible assets, net	7	326,264,023	321,451,140
Right of use assets, net	8-1	80,515,314	106,172,751
Projects under constructions	9	20,867,269	25,545,070
Total non-current assets		**591,357,657**	**574,246,781**
Current assets			
Inventories, net	11	30,130,780	16,633,131
Trade receivables, net	12	275,601,636	201,354,313
Contract assets		-	13,112,278
Other current assets	13	35,259,627	28,402,435
Cash and cash equivalents	14	434,998,692	53,062,659
Total current assets		**775,990,735**	**312,564,816**
Total assets		**1,367,348,392**	**886,811,597**
Owner's Equity and Liabilities			
Owner's Equity			
Share capital	1-a	339,999,000	89,999,000
Statutory reserve	15	23,714,663	4,246,824
Retained earnings		195,199,418	21,829,687
Total owners' equity		**558,913,081**	**116,075,511**
Liabilities			
Non-current liabilities			
Long term accounts payable	16	143,243,302	151,905,754
Non-current portion of lease liabilities	8-2	54,848,976	91,896,604
Employees' defined benefit obligation	17	11,103,843	8,069,431
Decommissioning provision	18	3,595,850	3,463,393
Total non-current liabilities		**212,791,971**	**255,335,182**
Current liabilities			
Accounts payable	16	310,995,191	220,801,712
Other current liabilities	19	230,898,370	190,738,182
Current portion of lease liabilities	8-2	23,091,629	56,102,468
Contract liabilities	20	23,804,615	45,653,361
Provision for zakat and tax	21	6,853,535	2,105,181
Total current liabilities		**595,643,340**	**515,400,904**
Total liabilities		**808,435,311**	**770,736,086**
Total owners' equity and liabilities		**1,367,348,392**	**886,811,597**

The accompanying notes from (1) to (36) form an integral part of these financial statements, which have been authorized for issue by the Board of Directors on behalf of the shareholders, and signed on its behalf by:

Yahya Saleh Al Mansour
Chief Executive Officer

Dr. Eisa Baeisa
Chairman

Mahmoud Al Abdullah
Acting Chief Financial Officer

شركة اتحاد عذيب للاتصالات
سجل تجاري 1010263273
رقم (1)
GO Telecom
No.(1)
رقم العضوية ٢٠٤٠٠٠...
Etihad Atheeb Telecom Co.

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended March 31, 2024
(Saudi Riyal)

	Note	For The Year Ended March 31, 2024	2023
Revenue	22	1,016,118,736	630,339,790
Cost of revenue	23	(710,648,262)	(447,651,620)
Gross profit		**305,470,474**	**182,688,170**
Selling and marketing expenses	24	(58,682,112)	(69,520,705)
General and administrative expenses	25	(87,572,767)	(73,913,222)
Impairment loss on trade receivables and contract assets	12	(14,348,841)	4,172,162
Other income, net	26	54,177,610	14,473,385
Operating profit		**199,044,364**	**57,899,790**
Finance (cost) income, net	27	1,618,690	(15,431,551)
Period Profit before zakat and income tax		**200,663,054**	**42,468,239**
Zakat and income tax expenses	21	(5,984,669)	-
Net profit for the year		**194,678,385**	**42,468,239**
Other comprehensive income:			
Items that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement of defined benefit obligation	17	(1,840,815)	(388,544)
Other comprehensive loss		**(1,840,815)**	**(388,544)**
Total comprehensive profit for the year		**192,837,570**	**42,079,695**
Earnings per share – basic and diluted	28	**6.43**	**1.43**

The accompanying notes from (1) to (36) form an integral part of these financial statements, which have been authorized for issue by the Board of Directors on behalf of the Shareholders, and signed on its behalf by:

Yahya Saleh Al Mansour
Chief Executive Officer

Dr. Eisa Baeisa
Chairman

Mahmoud Al Abdullah
Acting Chief Financial Officer

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF CHANGES IN EQUITY
For the year ended March 31, 2024
(Saudi Riyal)

	Share capital	Statutory Reserve	Retained earnings	Total Equity
Balance at April 1, 2022	89,999,000	-	(16,003,184)	73,995,816
Profit for the year	-	-	42,468,239	42,468,239
Other comprehensive loss for the year	-	-	(388,544)	(388,544)
Total comprehensive profit for the year	-	-	**42,079,695**	**42,079,695**
Reduction of share capital to absorb accumulated losses	-	4,246,824	(4,246,824)	-
Balance at March 31, 2023	**89,999,000**	**4,246,824**	**21,829,687**	**116,075,511**

	Share capital	Statutory Reserve	Retained earnings	Total Equity
Balance at 1 April 2023	89,999,000	4,246,824	21,829,687	116,075,511
Profit for the year	-	-	194,678,385	194,678,385
Other comprehensive loss for the year	-	-	(1,840,815)	(1,840,815)
Total comprehensive profit for the year	-	-	**192,837,570**	**192,837,570**
Paid up Share capital	250,000,000	-	-	250,000,000
Transferred to statutory Reserve	-	19,467,839	(19,467,839)	-
Balance at 31 March 2024	**339,999,000**	**23,714,663**	**195,199,418**	**558,913,081**

The accompanying notes from (1) to (36) form an integral part of these financial statements.

Yahya Saleh Al Mansour
Chief Executive Officer

Dr. Eisa Baeisa
Chairman

Mahmoud Al Abdullah
Acting Chief Financial Officer

شركة اتحاد عذيب للإتصالات
Etihad Atheeb Telecom Co.
No.(1)
1010263273

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF CASH FLOWS
For the year ended March 31, 2024
(Saudi Riyal)

	Note	For The Year Ended March 31, 2024	2023
Cash flows from operating activities			
Profit before zakat and income tax expenses		200,663,054	42,468,239
Adjustments:			
Depreciation and amortization	6,7,8	61,831,525	60,908,803
Other non-cash income		-	(14,448,149)
Support Fund from main supplier		(53,869,441)	-
Impairment loss on trade receivables and contract assets	12	14,348,841	(4,172,162)
Gain on sale property and equipment and intangible assets		(330,055)	(25,236)
Losses on disposal of right of use assets		758,746	-
Transferred of projects under constructions		1,535,912	-
Reversal of provision for obsolete and slow-moving inventories		(13,950,512)	-
Losses of sale inventories		403,810	-
Finance cost, net		(1,618,690)	15,431,551
Current service cost of employees' defined benefit obligation	17	1,802,884	1,382,657
		211,576,074	**101,545,703**
Changes in working capital:			
Inventories		49,053	(17,240,148)
Trade receivables and contract assets		(88,640,406)	(92,613,602)
Other current assets		(6,857,192)	(11,268,589)
Accounts payable		98,403,066	(8,938,254)
Other current liabilities		40,160,188	56,022,632
Contract liabilities		(8,692,226)	6,673,803
Total cash generated from operating activities		**245,998,557**	**34,181,545**
Finance costs paid		(10,526,892)	(10,814,050)
Employees' defined benefit obligation paid	17	(910,545)	(2,827,657)
Zakat Paid	21	(1,236,315)	(15,294,062)
Net cash generated from operating activities		**233,324,805**	**5,245,776**
Cash flows from investing activities			
Additions to property and equipment	6	(2,229,991)	(3,577,640)
Additions to intangible assets	7	(29,250,000)	-
Additions to projects under constructions	9	(24,470,970)	-
Proceeds from the sale of property and equipment		1,321,739	33,710
Net cash (used in) investing activities		**(54,629,222)**	**(3,543,930)**
Cash flows from financing activities			
Paid up Share capital	1-a	250,000,000	-
Payment of lease liabilities	8-2	(46,759,550)	(31,895,739)
Net cash (used in) financing activities		**203,240,450**	**(31,895,739)**
Increase (decrease) in cash and cash equivalents		381,936,033	(30,193,893)
Cash and cash equivalents at the beginning of the year		53,062,659	83,256,552
Cash and cash equivalents at the end of the year	14	**434,998,692**	**53,062,659**
Non-cash transactions:			
Additions to right-of-use assets	8-2	2,589,594	15,973,406
lease liabilities transferred to account payable	8-2	(26,178,097)	(22,933,701)
Additions to property and equipment against account payable		30,000,000	-
Transfer of projects under constructions to property and equipment		27,612,859	-
Disposal of intangible assets against account payable		2,528,000	-
Disposal of lease liabilities	8-2	4,757,108	5,502,070
Transfer of inventories to property and equipment		-	8,782,994

The accompanying notes (1) to (36) form an integral part of these financial statements, which have been authorized for issue by the Board of Directors on behalf of the Shareholders, and signed on its behalf by:

Yahya Saleh Al Mansour
Chief Executive Officer

Mahmoud Al Abdullah
Acting Chief Financial Officer

Dr. Eisa Baeisa
Chairman

(Saudi Riyal)

1. ORGANIZATION AND ACTIVITIES

a) General information:

Etihad Atheeb Telecommunication Company (the "Company"), is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration (No. 1010263273) issued in Riyadh on 30 Safar 1430H (corresponding to 25 February 2009).
The Company's financial statements include the Company's main commercial registration and the following branches:

Branch	CR number
Jeddah branch	4030197139
Khubar branch	2051050130

The registered address of the Company is 3704 King Abdullah Branch Rd – AlMughrizat district P.O. Box 12482-6488 Riyadh, Kingdom of Saudi Arabia.

Company license
Pursuant to the Ministerial Resolution No.41 dated 18 Safar 1429H (February 25, 2008) which was approved by the issuance of Royal Decree No. M/6 dated 19 Safar 1429H (February 26, 2008), the Company was granted a fixed-line telecommunication license and the used-frequency spectrum to provide fixed telephone services in the Kingdom of Saudi Arabia for a period of 25 years (starting on 1 April 2009 and ending on March 31, 2034). On 30 Rabi'I 1438H (corresponding to December 29, 2016), the Communications, Space and Technology Commission (CST) (Previously: Communications and Information Technology Commission) has extended the life of the Company's license by 15 years (ending on 31 March 2049), (Note 7-1).

On 1 Ramadan 1440 H (corresponding to May 12, 2019), the CST issued a frequency spectrum license, whereby bands totaling 50 MHz in the 3.5 GHz frequency band were allocated to the Company to be used to provide its services in the main cities in the Kingdom, as the Company is committed to cover the populated areas in the main cities by at least 10% before the end of the year 2021, and on 27 Rabi' II 1443H (Corresponding to December 2, 2021) the Company received a final extension of the Company commitment to deploy the network under the license granted to it by the authority for the 3.5 GHz band frequencies for an additional six months to be ended on June 30, 2022.

On Shawwal 25, 1443H (corresponding to May 26, 2022), the Company received a letter from the CST notifying the Company with the CST decision to revoke the 3.5 GHz band frequencies license if the Company did not meet the deployment of network deadline on June 30, 2022.

On 1 Dhu al-Hijjah 1443 H (corresponding to June 30, 2022), the company completed the deployment of 100% of the first phase (commitment to deploy the network in 10% of the Kingdom) according to the Authority's requirements regarding the frequency spectrum license, and the company provided the Authority with all documents proving fulfillment of its commitment according to the Authority's requirements. On 9 Safar 1444 H (corresponding to September 5, 2022), the company received a letter from the Communications, Space and Technology Commission stating that the Communications, Space and Technology Commission decided to accept the company's fulfillment of its commitment to deploy the network for the first phase according to the frequency spectrum license to provide fixed communications services with the 3.5 G band frequency infrastructure. Hertz granted to it, with some observations by the Authority, which the company pledged to address within a maximum period of the end of the year 2022 (which is also the date when it fulfills its licensing obligations for the second phase to cover at least 30% of the populated areas in the cities subject to the commitment).

On December 26, 2022, the Company completed the necessary treatments regarding the CST observations regarding the first phase of the network deployment obligations, in addition to completing its obligations towards 100% deployment of the network for the second phase regarding the license to use 3.5 GHz band frequencies, covering 30% of the cities under obligation by completing the process of installing and operating the 5G service towers. the Company submitted all related documentation to the CST which prove the Company's fulfillment of its obligation in accordance with the requirements of the CST. On 29 Rajab 1444H (corresponding to February 20, 2023), the Company received a letter from the CST informing the Company that it has accepted its fulfilment of phase (2) of the network deployment.

The Company seeks to work out a plan to meet the requirements of the third phase of the network deployment commitments to cover at least 50% of the populated areas in the cities subject to the commitment before the end of the year 2027, according to the requirements for licensing the frequency spectrum to provide fixed communications services with infrastructure for frequencies of the 3.5 GHz band granted by the CST.

(Saudi Riyal)

1. ORGANIZATION AND ACTIVITIES (continued)
a) General information: (continued)

The Company's activity
The Company is providing various fixed line and wireless services such as voice, data services, broadband internet services, internet telephony services, international gateway, and fixed telephone lines to individuals, homes and businesses. The Company commenced commercial operations from January 1st, 2010.

Share Capital
The company's share capital is 399,999,000 Saudi Riyals as of March 31, 2024 (March 31, 2023: 89,999,000), divided into 33,999,900 shares (March 31,2023: 8,999,900 share), the authorized, issued and fully paid with ordinary shares value of 10 Saudi Riyals per share.

On December 19, 2021, the Board of Directors recommended to the Extraordinary General Assembly to increase the Company's share capital by issuing shares at a value of 350 million Saudi Riyals divided into 35 million ordinary shares at a value of 10 Saudi Riyals per share, its main objective after obtaining the required approvals from the competent authorities is to increase Capital to pay the Company's obligations and develop and modernize its business systems and networks. the Company submitted the file to the competent authorities and the final approval has not been issued until the date of these financial statements. On October 13, 2022, the Board of Directors issued a resolution by circulation amending the recommendation to increase the share capital to the Extraordinary General Assembly by issuing priority rights shares from 350,000,000 Saudi Riyals to 250,000,000 Saudi Riyals. the Company submitted the file to the competent authorities, and the approval of the share capital raising file was issued by the competent authorities on February 8, 2023. On February 15, 2023, the Company called for an extraordinary general assembly meeting on March 8, 2023 to vote on the Board of Directors recommendation to increase the Company's share capital through offering rights issue with a value of 250,000,000 Saudi Riyals, so that the share capital after the increase becomes 339,999,000 Saudi Riyals. The vote was held and the result of the vote was the disapproval of the Board of Directors recommendation to increase the Company's share capital by issuing rights issue with a value of 250,000,000 Saudi Riyals, so that the share capital after the increase becomes 339,999,000 One million Saudi Riyals.
On March 29, 2023, the Board of Directors recommended to the Extraordinary General Assembly to increase the Company's share capital by issuing priority shares at a value of 250 million Saudi Riyals divided into 25 million ordinary shares at a value of 10 Saudi Riyals per share, its main objective after obtaining the required approvals from the competent authorities is to increase share capital to pay the Company's obligations and develop and modernize its business systems and networks.
On August 6, 2023, the company filed an application for capital increase through the submission of priority rights shares to the Financial Market Authority.

On 8 January 2024, the capital increase file was approved by the competent authorities, and the recommendation of the Board of Directors was voted and approved by the extraordinary General Assembly on 6 February 2024.

b) Going concern:
In February 2021, the Company signed an agreement, with an effective date of December 31, 2020, with one of its major vendors to settle all balances and dues between the two parties which resulted in a net reduction (gain) of SAR 101 million on net balances payable to a major vendor. As of the effective date, the new balance payable to the major vendor was SAR 370 million and its payment was re-scheduled as a down-payment of SAR 125 million upon signing the agreement with the remaining amount of SAR 245 million (as shown below) to be paid in five equal installments resulting in an additional gain of SAR 36 million on rescheduling (Note 16-2-1).

Installment No.	Amount (SAR)	Date of payment	Status
First	49 million	July 1, 2022	Paid
Second	49 million	July 1, 2023	Paid
Third	49 million	July 1, 2024	Not matured yet
Fourth	49 million	July 1, 2025	Not matured yet
Fifth	49 million	January 1, 2026	Not matured yet
Total	**245 million**		

- On January 25, 2022, the Company received an approval from Ministry of Finance on the installment related to CST government charges of SAR 22.23 million over 36 months of 617 thousand Saudi Riyals monthly installment starting from February 20, 2022 and amount of 16 million Saudi Riyals has been paid as of March 31, 2024 (Note 16-2-2).

1. ORGANIZATION AND ACTIVITIES (continued)

b) Going concern: (continued

- On March 21, 2023, Company received an approval from Ministry of Finance on the installment related to CST government charges of SAR 23.98 million over 36 months of 666 thousand Saudi Riyals monthly installment starting from April 5, 2023, and amount of 7.99 million Saudi Riyals has been paid as of March 31, 2024 (Note 16-2-3).
- On May 10, 2023, the Company received an approval of the Ministry of Finance to install the amount related to government fees due for the period extending from the beginning of dealing with the CST until the end of 2018, at a value of SR 63.88 million over a period of 7 years. The yearly installment is SR 9.13 million starting from April 1, 2025 (Note 16-2-4 and 19)
- The Company's business is improving through the conclusion of new sales agreements, which led to revenue growth and net profits for the period ended on March 31, 2024. In return, the Company concluded contracts with suppliers for periods that are consistent with the cash received into the Company, thus generating cash that enables the Company to manage liquidity and fulfill its obligations when due
- The management has also developed plans in some other aspects to improve the Company's performance, including mainly enhancing the Company's existing network infrastructure, deploying new technologies, exploring alternative uses of the Company's bandwidth, obtaining new licenses to provide new services to the customers, and targeting new customer niches from the B2B and B2C sectors, and cost optimization plans. The management has taken some initiatives emanating from this study
- The company received regulatory approval to raise its current capital to SAR 250 million through the offering of new priority shares, with the net proceeds used to develop and update network operations in addition to paying some due amount.

As described above, management has a reasonable expectation that the Company will have sufficient resources to meet its obligations as they fall due. Accordingly, these financial statements have been prepared on a going concern basis, which assumes that the Company will be able to discharge its liabilities for a period at least 12 months form the date of preparing these financial statements.

2. BASIS OF PREPARATION

a) Statement of compliance

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to June 30, 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to January 19, 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444 H (corresponding to January 19, 2023). The management is in process of assessing the impact of the New Companies Law and will amend its Articles of Association/By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended By-Laws to the shareholders/partners in their Extraordinary / Annual General Assembly meeting for their ratification.

***b)* Basis of measurement**

The financial statements have been prepared on the historical cost basis except for employees' defined benefit obligation that has been valued at present value of future liabilities using the projected unit credit method.

c) Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals (SAR), which is the functional and presentation currency of the Company. All amounts have been rounded to the nearest SAR, unless otherwise indicated.

3. NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPRETATIONS

The following are the most prominent amendments to the International Financial Reporting Standards and the Interpretations Committee that may apply to the company, which will come into effect on January 1, 2023 and have not had a material impact:

3. NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPRETATIONS (continued)

3-1 New international financial reporting standards issued and implemented

- Amendments to IFRS 17
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Initial Application of IFRS 17 and IFRS 9- Comparative Information

3-2 Iinternational financial reporting standards issued but not yet implemented

The standards and amendments that are issued, but not yet effective, as of 31 December 2023 are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. These standards are not expected to have a material impact on the Group at their effective dates.

- Amendments to IAS 1: Classification of Liabilities as Current and Non-current
- Amendments to IAS 1 Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 21: Lack of exchangeability

Following are the new IFRS sustainability disclosure standards effective for annual periods beginning on or after 1 January 2024 subject to endorsement of the standards by SOCPA.

IFRS S1, 'General requirements for disclosure of sustainability-related financial information

This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

IFRS S2, 'Climate-related disclosures'

This is the first thematic standard issued that sets out requirements for entities to disclose information about climate related risks and opportunities.

4. MATERIAL ACCOUNTING POLICY INFORMATION

4-1 Property and equipment

Recognition and measurement

Items of property, and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset including any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, where applicable.

Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in the statement of profit or loss and other comprehensive income as incurred.

Depreciation

Depreciation is charged to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognized in profit or loss. The depreciation is charged from the date the asset is available for use until the date of its disposal or de-recognition.

The estimated useful lives of property and equipment are as follows:

	Years
Leasehold improvements	Shorter of the estimated useful life or term of the lease
Network infrastructure	4-25
Facilities, support and IT equipment	5
Vehicles	5

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-1 Property and equipment (continued)

De-recognition
An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in statement of profit or loss and other comprehensive income.

4-2 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Amortization is calculated to write off the cost of intangible assets and is recognized in profit or loss. The amortization is charged from the date the intangible assets are available for use until the date of its disposal or de-recognition. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Subsequent expenditure
Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

the Company's intangible assets comprise of the following:

Licenses
Acquired telecommunication licenses are initially recognized at cost. Licenses are amortized on a straight-line basis over their estimated useful lives from when the related networks are available for use.

Indefeasible rights of use (IRUs) – network capacity
IRUs represent the rights to use portions of the capacity of transmission cables granted for a fixed period. IRUs are recognized at cost as intangible assets when the Company has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibers. They are amortized on a straight-line basis over the life of the contract.

Computer software
Computer software are initially recognized at cost and are amortized on a straight-line basis over their estimated useful lives, from the date of initial recognition.

Useful lives
The estimated useful lives of the Company's intangible assets are as follows:

	Years
Licenses	40
Network capacity	7-15
Computer software	5

4-3 Leases

the Company assesses whether a contract contains a lease, at inception of the contract. For all such lease arrangements the Company recognizes right of use assets and lease liabilities except for the short-term leases and leases of low value assets as follows:

the Company as a lessee
the Company applies a single method for the recognition and measurement of all leases, except for short-term leases and leases of low-value assets. the Company recognizes lease liabilities for lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
Leases are recognized as right-of-use assets, in addition to their corresponding liabilities, on the date that the leased assets are available for use by the Company. Lease payments are apportioned between the lease liability and the finance cost. Finance cost is recognized in the statement of profit or loss and other comprehensive income over the lease term. Right-of-use assets are depreciated on a straight-line basis over the lease term and the estimated useful lives of the assets, whichever is shorter, as follows:

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-3 Leases (continued)

	Years
Telecom tower locations	12-3
Telecom tower	4
Buildings and warehouses	5-2

Right-of-use assets are initially measured at cost, which consists of the following:
- The amount of the initial measurement of lease liabilities;
- Lease payments made on or before the lease start date less lease incentives received;
- Any initial direct cost; And
- The cost of restoring the site to its original condition, as the case may be.

In the event that the ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of the purchase option, then depreciation is calculated over the estimated useful life of the asset. Right-of-use assets are also subject to impairment

Lease liabilities
At the inception of the lease, the Company includes lease liabilities measured at the present value of the lease payments over the lease term. Lease payments include fixed payments (including fixed payments in substance) less any lease incentives receivable, variable lease payments that are index or rate dependent, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option that the Company is reasonably certain to exercise and payments of penalties for terminating the lease, if the lease term shows the Company exercising the option to terminate. Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs. The lease payments are discounted using the Company's implied rate of interest, or the Company's incremental borrowing rate.

Short-term leases and leases of low-value assets
Short-term leases represent leases with a lease term of 12 months or less. Low value assets represent those items that do not reach the Company's capitalization limit and are considered immaterial to the Company's statement of financial position as a whole. Payments relating to short-term leases and leases of low-value assets are recognized on a straight-line basis in profit or loss.

4-4 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Unit (CGU).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

the Company's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU's to which the individual asset is allocated. These budgets and forecast calculations are generally covering a five-year period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the budget period.

Impairment losses of continuing operations are recognized in the statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-4Impairment of non-financial assets (continued)

Irrespective of whether there is any indication of impairment, the Company shall also test intangible assets with an indefinite useful life (including goodwill) or intangible assets not yet available for use for impairment annually by comparing their carrying amount with respective recoverable amount. This impairment test may be performed at any time during an annual period, provided it is performed at the same time every year. Different intangible assets may be tested for impairment at different times. However, if such an intangible asset was initially recognized during the current annual period, that intangible asset shall be tested for impairment before the end of the current annual period.

For assets other than above, an assessment is made at each financial year-end as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss.

4-5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, or fair value through other comprehensive income (OCI) or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through income statement, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through income statement

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. the Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognized in statement of profit or loss when the asset is derecognized, modified or impaired. the Company's financial assets at amortized cost include cash and cash equivalents, trade, other receivables and contract assets.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-5Financial instruments (continued)

Financial assets at fair value through OCI (debt instruments)

the Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit and loss and other comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon de-recognition, the cumulative fair value change recognized in OCI is recycled to the statement of income. Currently the Company does not have investment in financial asset at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the income statement. Dividends are recognized as other income in the statement of income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. Currently the Company have financial asset designated at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss and other comprehensive income.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-5 Financial instruments (continued)

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payable, lease liabilities and other liabilities.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Trade and other payables
This category is relevant to the Company. After initial recognition, borrowings, trade and other payables are subsequently measured at amortized cost using the effective interest rate ("EIR") method. Gains and losses as a result of unwinding of interest cost through EIR amortization process and on de-recognition of financial liabilities are recognized in the statement of profit or loss and other comprehensive income.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss and other comprehensive income.

De-recognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Impairment of financial assets
The Company recognizes an allowance for expected credit losses (ECLs) for trade receivables and contract assets. The ECL reflects the changes in credit risk since initial recognition of the instrument.

The Company applies the simplified approach to calculate impairment on accounts receivable and contract assets and this always recognizes lifetime ECL on such exposures. ECL on these financial assets are estimated using a credit loss rate based on the Croup's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

As a practical expedient allowed in IFRS 9, the Company, the Company reconstructed the expected credit loss model for trade receivables and contract assets by recalculating the allowance for impairment using the provision matrix and thus using the credit loss rate approach rather than the probability of default.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-5Financial instruments (continued)

Credit impaired financial assets

At each reporting date, the Company assesses whether there is any impairment in financial assets measured at amortized cost. Financial assets are considered credit-impaired when one of the following events occurs that can be monitored and has a material effect on the estimated future cash flows:

- Significant financial difficulties of the client, or
- Exceeding the allowed payment due date by 360 days, or
- It becomes probable that the customer will enter bankruptcy or other financial restructuring.

The Company considers trade receivables and contract assets to have defaulted when they become credit impaired or when they have exceeded the allowed payment due date by 360 days.

4-6 Inventories

Inventories comprise of modems, pre-paid cards, scratch cards and other telecommunication equipment, which are measured at the lower of cost and net realizable value. Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provision is made, where necessary, for obsolete, slow moving and defective inventory items.

4-7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks in current accounts and other short-term liquid investments with original maturities of three months or less, if any, which are available to the Company without any restrictions.

4-8 Provisions

General

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost in the profit or loss account.

Decommissioning provisions

The provision for decommissioning cost arises on construction of networking sites. A corresponding asset is recognized in property and equipment upon initial recognition of the provision. Dismantling costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

4-9 Employees' defined benefit obligation

The Company operates employees' end of service benefits scheme.

End of service benefits, as required by Saudi Arabia Labor Law, are required to be provided based on the employees' length of service. the Company's net obligation in respect of defined unfunded benefit plans ("the obligations") is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and any unrecognized past service costs.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-9Employees' defined benefit obligation(continued)

The discount rate used is the market yield on government bonds at the reporting date that has maturity dates approximating the terms of the Company's obligations. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method to determine the Company's present value of the obligation, with actuarial valuations to be carried out every third year and updated annually for the following two years for material changes, if any. Defined benefits liability comprises of the following:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense / income; and
- Re-measurement gains / (losses).

the Company recognizes and presents the first two components of the defined benefit costs in the statement of income. Gains / (losses) due to re-measurement of employee benefits liabilities are recognized in other comprehensive income immediately. Curtailment gains/ (losses) are accounted for as past service cost in the profit or loss in the period of plan amendment.

the Company is also required to contribute towards a state-owned benefit plan where the Company's obligation under the plan is to make specified monthly contribution based on specified percentage of payroll cost as stipulated under the regulation. These contributions are recognized as an expense when employees have rendered the service entitling them to the contributions. Any unpaid amounts are classified as accruals.

A liability is also recognized for benefits accruing to the employees in respect of wages and salaries, annual leaves and other related benefits in the period the related services are rendered at the undiscounted amount of the benefits expected to be paid and are classified as accruals.

4-10 Earnings per share

Basic earnings per share is calculated by dividing:

- the income attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- by the weighted average number of ordinary shares outstanding during the financial year, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

4-11 Zakat and taxes

The Company is subject to Zakat and income tax in accordance with the regulations of the Zakat Tax and Customs Authority (the "ZATCA"). The zakat and income tax charges are charged to profit or loss statement.

Zakat

the Company calculates and records the zakat provision based on the zakat base in its financial statements in accordance with Zakat rules and principles in the Kingdom of Saudi Arabia. Adjustments arising from final zakat assessment are recorded in the reporting period in which such assessment is approved by the ZATCA.

Income tax

The income tax provision for foreign companies is calculated in the financial statements in accordance with the tax systems in the countries in which they operate. Adjustments resulting from the final tax assessment are processed during the fiscal year in which the final assessment is issued.

The current tax is the expected tax, whether credit or debit, on the taxable profit or loss for the period using the tax brackets determined at the reporting date, in addition to any adjustments to the tax due related to previous years.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-11 Zakat and taxes (continued)

Value Added Tax ("VAT")

Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Withholding tax

Withholding tax related to dividends, royalties, interest and service fees are recorded as liabilities.

4-12 Revenue recognition

The Company mainly generates revenues from providing fixed telecommunication services, which include voice, internet, data and interconnection services. The Company also generates revenues from enterprise solutions services represented mainly in cloud services, managed advisory services and data center services.

The Company recognizes revenues using a 5-step model as specified in IFRS 15. The Company recognizes revenue from contracts with customers when it transfers control over services to a customer and based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of other parties. When there is a high degree of uncertainty about the possibility of collection from certain customers, the Company does not recognize revenue only upon collection of these revenues.

The timing of revenue recognition is either at a point in time or over time depending upon the satisfaction of the performance obligation by transferring control of services to the customer. All revenue from services that is recognized over time is done using the input method to measure progress toward full acceptance of the services, because the customer simultaneously receives and consumes the benefits provided by the Company.

Revenue from data, internet, and voice services:
The Company offers services in fixed term contracts and short-term or long-term arrangements. When services include multiple performance obligations, the Company allocates transaction price to each distinct performance obligation based on respective standalone selling price. The standalone selling price is the observable price for which the good or service is sold by the Company in similar circumstances to similar customers. Revenue is recognized when the performance obligation is satisfied or services are rendered, i.e. after actual use by the end customer. Revenue is recognized for data and the internet when control is transferred over the contract period, and for voice, revenue is recognized when control is transferred upon consumption by the customer and based on the quantity consumed.

Revenue from device sales, installation, and activation services:
The Company provides device sales, installation and activation services to the B2C sector indistinctively along with providing fixed communications services. Bundled contracts for equipment sales, installation services, and fixed communications services consist of a single performance obligation and therefore revenue is recognized over the contract period.

The Company provides installation and activation services to the B2B sector for fixed telecommunications services one time and in a distinct manner at the start of the service. Thus, revenue is recognized when control is transferred to the customer upon completion of the installation work.

Interconnection revenue:
Interconnection revenue is recognized on the basis of the gross value of invoices raised on other operators for termination charges based on the airtime usage for the billing period as per the agreed rate.

Enterprise solutions services revenue:
Revenue from enterprise solutions services is recognized when control transfers to the customer over the period of the contracts.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-12 Revenue recognition (continued)

Determination of Transaction Price:
When contract include contractual clause covering commercial discount or free offers, the Company defers these discounts or free offers over the contract term.
In determining the transaction price, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any).

Variable consideration:
If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the products to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Significant financing component:
If a customer can pay for purchased equipment or services over a period of time, IFRS 15 requires judgement to determine if the contract includes a significant financing component. If it does, then the transaction price is adjusted to reflect the time value of money.

Non-cash consideration:
The fair value of non-cash consideration received from the customer on the transaction date is included in the transaction price.

Consideration payable to the customer:
Consideration payable to the customer includes cash amount that the Company pays or expect to pay to the customers and is accounted for as reduction of transaction price.

Contract balances

Contract assets:
Contract assets are the rights to consideration in exchange for products or services transferred by the Company to the customer. If the Company performs by transferring products or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.
Contract costs
Contract costs relate to incremental costs of obtaining a contract and certain costs to fulfil a contract to be recognized as an asset when:

- The costs relate directly to the contract (or to a specified anticipated contract)
- The costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- The costs are expected to be recovered.

Contract costs recognized by the Company are amortized on a systematic basis that is consistent with the Company's transfer of related goods or services to the customer.

Contract liabilities:
Contract liabilities are recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related products or services. Contract liabilities are recognized as revenue when the Company performs under the contract (i.e. transfers control of the related products or services to the customer).

4-13 Cost and Expenses

Cost of revenue
Represents cost of revenue incurred during the year and includes costs of services, government fees, interconnection costs and other direct and indirect expenses relating to recognized revenue. Where governmental fees represent government contribution fees in trade earnings, license fees, frequency waves' fees and costs charged to the Company against the rights to use telecommunications and data services in the Kingdom of Saudi Arabia as stipulated in the license agreements. These fees are recorded in the related periods during which these fees are incurred and included under cost of revenue in the statement of profit or loss. Interconnection costs represent connection charges to national and international telecommunication networks. Interconnection costs are recorded in the period when relevant calls are made and are included in the cost of revenue caption in the statement of profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-13 Cost and Expenses(continued)

Selling, Marketing and General Administrative Expenses
Expenses are those arising from the Company's efforts underlying the marketing, selling and distribution functions. All other expenses, excluding cost of sales and financial charges, are classified as general and administrative expenses. Allocations of common expenses between cost of sales, selling, marketing, general and administrative expenses, when required, are made on a consistent basis.

4-14 Foreign currency transactions
Transactions denominated in foreign currencies are translated to the functional currency of the Company at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to the functional currency of the Company at the exchange rate ruling at that date. Exchange differences arising on translations are recognized in the profit or loss account.

4-15 Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4-16 Segment Reporting
An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed by the Company's Chief Operating Decision Maker "CODM" to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4-17 Offsetting
Financial liabilities are set off against financial assets, and the net amount is shown in the financial position only when the obliging legal rights are available and when settled on net basis or the realization of assets or settlement of liabilities is done at the same time.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF UNCERTAINTY ESTIMATES
Preparation of the financial statements and application of the accounting policies require management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose potential liabilities. Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the statement of profit of loss and other comprehensive income and within shareholders' equity. In particular, the Company's management requires judgments to be made to estimate the amounts and timing of future cash flows. These estimates are necessarily based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

Judgments, estimates, and assumptions are reviewed periodically. Moreover, the effect of the change in estimates is recognized in the financial period in which the change occurs if the change affects only the financial period. On the other hand, the effect of the change in estimates is recognized in the financial period in which the change occurs and in future periods if the change affects the financial period and future financial periods.

The Company's management believes that its estimates in the financial statements are reasonable. Based on the following details:

Tangible and intangible assets useful life
Management periodically reassesses the economic useful life of property, plant and equipment, intangible assets, based on the general condition of these assets and the expectation of their useful economic lives in the future. The impairment loss is recognized in the statement of profit or loss for the year.

The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded operating expenses and decrease non-current assets.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF UNCERTAINTY ESTIMATES (continued)

Zakat
Management recognizes Zakat and required Zakat provision for the year based on management's estimate for taxable profit in accordance with the prevailing laws, regulations and IFRSs.

Litigation provision
A provision is made to meet any potential legal liabilities based on a legal study prepared by the Company's legal counsel. This study identifies potential future risks and is reviewed periodically.

Defined benefits obligation
The cost of defined benefits and the present value of the related obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Assets and liabilities at cost
Management periodically reviews assets and liabilities to assess and evaluate impairment, and any loss incurred is recognized within the statement of profit or loss for the year.

Impairment losses on trade receivables and contract assets
The Company uses a provision matrix based on credit loss rates to calculate expected credit loss on accounts receivable and contract assets. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns.
The provision matrix is initially based on the Company's historical credit loss data and past due receivables. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the Company updates its historical loss rates and reflects that in future estimates, taking into account also changes in forecast of economic conditions.

The assessment of the correlation between historical observed loss rates, forecast economic conditions and expected credit loss is a significant estimate. The amount of expected credit loss is sensitive to changes in forecast of circumstances and economic conditions.

Fair value measurement
If the fair values of financial assets and financial liabilities included in the statement of financial position cannot be obtained from active markets, these fair values are determined using a range of valuation techniques involving the use of accounting models. If possible, the entered data for those models will be extracted from the market data. In the absence of such market data, fair values are determined by making judgments. These provisions include liquidity considerations and model data such as derivative volatility, longer-term discount rates, pre-payment ratios and default rates on asset-backed securities.

Management believes that the valuation techniques used are appropriate to determine the fair value of financial instruments.

Leases
Some leases have extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practical, the Company looks to include extension options in new leases to supply operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. the Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. the Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Fair Value Measurement and Valuation Procedures
When estimating the fair value of financial assets and financial liabilities, the Company uses available observable market data. In the absence of level (1) inputs, the Company conducts evaluations using appropriate valuation models to determine the fair value of financial instruments.

Lease Payments Discount
Lease payments are discounted using the implicit lease interest rate or the incremental borrowing rate.
Management have applied the judgments and estimates to determine additional borrowing rate on the start of the lease date.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF UNCERTAINTY ESTIMATES (continued)

Contingencies

the Company is currently involved in a number of legal proceedings. Estimates of the probable costs for the resolution of these claims, if any, have been developed in consultation with internal and external counsels handling the Company's defense in these matters and are based upon the probability of potential results. the Company's management currently believes that these proceedings will not have a material effect on the financial statements. It is possible, however, that future results of operations could be materially affected depending on the final outcome of the proceedings.

Revenue

Identifying performance obligations in a bundled sale of devices and services

the Company analyses whether devices and services are capable of being distinct or not. the Company provides services that are either sold separately or bundled together with the sale of devices to a customer. The company analyzes whether the devices are distinguishable on their own as well as whether the installation and activation services are distinguishable from fixed telecommunications services.

Estimating the additional borrowing rate - leases

The company cannot easily determine the interest rate included in the lease and, therefore, it uses the incremental borrowing rate to measure its lease obligations. The incremental borrowing rate is the interest a company would have to pay to borrow over a similar period and with a similar collateral – the money needed to acquire an asset with a similar value to a right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate reflects what the company has to pay and requires an estimate when notable rates are not available or when they need to be amended to reflect the terms and conditions of the lease. The Company estimates the incremental borrowing rate using observable inputs (e.g. risk-free lending rate plus country risk) when available and required to make Company-specific estimates.

Presentation in gross vs. presentation in net

When the Company sells products or services as principal, revenue and related costs are recognized on a gross basis under operating revenue and costs, and when the Company sells products or services as an agent, related revenue and costs are recognized on a net basis within revenue and this represents the earned profit margin.

Whether a company is acting as principal or agent in a transaction depends on whether control of the products or services has been transferred to the customers, and it has the ability to direct the use of the devices or obtain benefits from the devices or services. The following are the main criteria for determining whether a company is acting as a principal:

- It is the Company's primary responsibility to provide products or services to the Customer or to fulfill an order, for example by being responsible for accepting products or services requested or purchased by the Customer,
- the Company has stock risks before or after a customer order, during shipment, or upon return, and
- the Company is free to set prices, either directly or indirectly, for example, by providing additional goods or services.

(Saudi Riyal)

6. PROPERTY AND EQUIPMENT, NET

	Leasehold Improvement	Network Infrastructures (*)	Facilities, support & IT equipment &Spare parts	vehicles	Total
Cost:					
Balance as of April 1, 2022	7,509,647	1,087,500,986	38,898,307	1,125,700	1,135,034,640
Additions during the year	-	11,781,114	579,520	-	12,360,634
Disposal during the year	-	-	(84,750)	-	(84,750)
Transfer during the year	109,701	(109,701)	-	-	-
Balance as of March 31, 2023	**7,619,348**	**1,099,172,399**	**39,393,077**	**1,125,700**	**1,147,310,524**
Additions during the year	-	31,629,991	-	600,000	32,229,991
Disposal during the year	(640,638)	(343,647,992)	(11,719,291)	(217,800)	(356,225,721)
Transfer during the year	-	27,612,859	-	-	27,612,859
Balance as of March 31, 2024	**6,978,710**	**814,767,257**	**27,673,786**	**1,507,900**	**850,927,653**
Accumulated depreciation and impairment provision:					
Balance as of April 1, 2022	4,068,384	976,066,027	29,589,445	887,131	1,010,610,987
Depreciation for the year	475,407	14,516,642	676,122	29,822	15,697,993
Disposal for the year	-	-	(76,276)	-	(76,276)
Balance as of March 31, 2023	**4,543,791**	**990,582,669**	**30,189,291**	**916,953**	**1,026,232,704**
Depreciation for the year	381,065	14,860,013	706,445	65,822	16,013,345
Disposal during the year	(640,638)	(343,647,992)	(10,544,797)	(196,020)	(355,029,447)
Balance as of March 31, 2024	**4,284,218**	**661,794,690**	**20,350,939**	**786,755**	**687,216,602**
Net book value:					
March 31, 2023	**3,075,557**	**108,589,730**	**9,203,786**	**208,747**	**121,077,820**
March 31, 2024	**2,694,492**	**152,972,567**	**7,322,847**	**721,145**	**163,711,051**

(Saudi Riyal)

6. PROPERTY AND EQUIPMENT, NET (continued)

Allocating depreciation:

	For The Year Ended March 31,	
	2024	2023
Cost of Revenue	14,863,566	14,516,642
General and Administrative	1,149,779	1,181,351
	16,013,345	**15,697,993**

- During the year, the Company capitalized the salaries of its internal technicians at SAR 0 (For the year ended March 31, 2023: SAR 1.37 million).

On 26 October 2023, the company signed a settlement agreement with Tawal to settle all balances and receivables between the parties to the Agreement on the Participation of Telecommunications Towers for the period from the beginning of the transaction between the parties until 31 October 2023. This Convention will entail:

Agreement that the amount of SAR 48 million as at 31 October 2023 for a non-comprehensive Tawal company shall be divided into:

- Transfer of the entire ownership of the communications towers from the date of entry into force of this settlement to the benefit of Etihad Atheeb telecommunication for SAR 30 million.
- Payment of SAR 18 million for full obligations under the Tower Participation Agreement.
- Cancelled the agreement on the participation of former towers as of the date of entry into force of the settlement.

(*) During the year ending March 31, 2021, an impairment charge amounting to SAR 93,369,022 was recorded.

The balance of fully depreciated property and equipment amounted to 565,024,056 Saudi riyals as of March 31, 2024 (887,378,908 Saudi riyals as of March 31, 2023.)

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7. INTANGIBLE ASSETS, NET

	License Note (7-1)	Network capacity Note (7-2)	Software	Total
Cost:				
Balance as of April 1, 2022	527,904,000	168,381,340	52,164,807	748,450,147
Additions during the year	-	-	-	-
Balance as of March 31, 2023	**527,904,000**	**168,381,340**	**52,164,807**	**748,450,147**
Additions during the year	-	29,250,000	-	29,250,000
Disposals during the year	-	(2,528,000)	-	(2,528,000)
Balance as of March 31, 2024	**527,904,000**	**195,103,340**	**52,164,807**	**775,172,147**
Accumulated Amortization				
Balance as of April 1, 2022	222,263,938	129,483,371	52,164,807	403,912,116
Amortization for the year	11,320,000	11,766,891	-	23,086,891
Balance as of March 31, 2023	**233,583,938**	**141,250,262**	**52,164,807**	**426,999,007**
Amortization for the year	11,320,003	10,793,704	-	22,113,707
Disposals during the year	-	(204,590)	-	(204,590)
Balance as of March 31, 2024	**244,903,941**	**151,839,376**	**52,164,807**	**448,908,124**
Net book value:				
March 31, 2023	**294,320,062**	**27,131,078**	-	**321,451,140**
March 31, 2024	**283,000,059**	**43,263,964**	-	**326,264,023**

7.1 As stated in Note 1, the CST has extended the life of the Company's license by 15 years. Accordingly, from 1 December 2016, the remaining carrying value of the Company's license is now being amortized over the revised useful life of 32 years (ending 31 March 2049).

7.2 These represent various Indefeasible Rights of Use ("IRU") agreements signed with telecom operators in the Kingdom of Saudi Arabia.

Allocating amortization to operating cost:

	For The Year Ended March 31,	
	2024	2023
Cost of Revenue	10,793,704	11,766,891
General and Administrative	11,320,003	11,320,000
	22,113,707	23,086,891

(Saudi Riyal)

8. LEASES

8.1 Right Of Use Assets, Net

The company has lease contracts related to telecommunications tower sites, buildings, and warehouses, the lease periods of which usually range from 2 to 12 years.

Below is a statement of the book value of right-of-use assets recognized and their movement during the year

	As at March 31	
	2024	2023
Cost:		
Balance at the beginning of the year	206,073,406	197,374,910
Additions during the year	2,589,594	15,973,406
Disposals during the year	(50,405,365)	(7,274,910)
Settlements	973,296	-
Balance at the end of the year	**159,230,931**	**206,073,406**
Accumulated depreciation:		
Balance at the beginning of the year	99,900,655	80,096,208
Additions during the year	23,704,473	22,123,919
Disposals during the year	(44,889,511)	(2,319,472)
Settlements	-	-
Balance at the end of the year	**78,715,617**	**99,900,655**
Net book value	**80,515,314**	**106,172,751**

Allocating amortization to operating cost:

	For The Year Ended March 31,	
	2024	2023
Cost of Revenue	20,423,791	19,328,193
General and Administrative	3,280,682	2,795,726
	23,704,473	**22,123,919**

8.2 Lease Liability

This pertains to the amount of operating leases recognized as lease liabilities under IFRS 16. The details and movement of these are as follows:

	As at March 31	
	2024	2023
Balance at the beginning of the year	147,999,072	188,147,170
Additions during the year	2,589,594	15,973,406
Disposals during the year	(4,757,108)	(5,502,070)
Finance cost during the year	4,073,398	5,294,050
Paid during the year	(46,759,550)	(31,895,739)
Settlements during the year	973,296	(1,084,044)
Transferred to payables during the year	(26,178,097)	(22,933,701)
Lease liability at the end of the year	**77,940,605**	**147,999,072**
Current portion	**23,091,629**	**56,102,468**
Non-current portion	**54,848,976**	**91,896,604**

- Expenses related to short-term and low-value leases for the period ending March 31, 2024 amounted to SAR 667,597 (December 31, 2023: SAR 136,208).

(Saudi Riyal)

9. PROJECTS UNDER CONSTRCTIONS

Work in progresses represent existing projects related to projects to spread the 5G network and expand the current network of the company, in addition to the IT transformation project that the company is working on, and its consumption and amortization will begin when these projects are completed and ready to use.
The movement in work in progresses is as follows:

	As at March 31	
	2024	2023
Balance at the beginning of the year	25,545,070	25,545,070
Additions during the year	24,470,970	-
Transferred to expenses	(1,535,912)	-
Transferred to property and equipment (Note 6)	(27,612,859)	-
Balance at the end of the year	**20,867,269**	**25,545,070**

10. Impairment testing of non-financial assets

The impairment test for non-financial assets (PPE, intangible assets, right-of-use assets) is carried out annually, as the management determines whether there are indicators of impairment in value. The management has conducted an impairment assessment in the value of its non-current assets as at March 31, 2024. The recoverable amount is based on the value in use, which is determined by discounting the future cash flows that will be generated from the continued use of non-financial assets. The recoverable amount has been determined to be higher than the carrying amount. Accordingly, no impairment loss was recognized.

The key assumptions used in the estimation of value in use for current year and previous year were as follows:

	2024	2023
Discount rate	12.2%	12.4%
Terminal growth rate	2%	2%

The discount rate was a post-tax measure estimated based on the weighted-average cost of capital of the Company.

The cash flow projections included specific estimates for four years (2023: four years) and the terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term combined annual EBITDA growth rate.

Planned EBITDA is based on expectations of future results taking into account past experience and adjusted for expected revenue growth. Revenue growth has been projected considering average growth levels experienced over the previous years as well as estimated sales volume and price changes for the next four years.

11. INVENTORIES, NET

	As of March 31,	
	2024	2023
Customer Premises Equipment	24,666,770	27,433,197
Spare parts	4,952,861	2,841,565
Prepaid cards	511,149	308,881
	30,130,780	**30,583,643**
Provision for obsolete and slow-moving inventories*	-	(13,950,512)
	30,130,780	**16,633,131**

* During the year ending March 31, 2024, a provision amounting to 13,950,512 SAR was reversed, due to the sale and destruction of 29,711,360 SAR worth of obsolete and slow-moving inventory, and the value of purchases during this year amounted to 32,527,179 Saudi riyals.

12. TRADE RECEIVABLES NET, AND CONTRACT ASSETS

	Note	As of March 31,	
		2024	2023
Trade receivables-Private Sector		256,157,651	226,023,179
Trade receivables-Government Sector		140,547,378	81,961,815
Trade receivables-Related Parties	31	590,953	670,582
Total		**397,295,982**	**308,655,576**
Less: Provision of impairment loss on trade receivable	12-1	(121,694,346)	(107,301,263)
		275,601,636	**201,354,313**

(Saudi Riyal)

12. TRADE RECEIVABLES NET, AND CONTRACT ASSETS (continued)

12-1 Movement in Impairment loss is as follows:

	2024	2023
Balance at beginning of the year	107,301,263	111,082,785
Charge/ (reversed) for the year	14,393,083	(3,781,522)
Balance at end of the year	121,694,346	107,301,263

12-2 Ageing analysis of trade receivables as follows:

	As of March 31, 2024			As of Mach 31, 2023			
Aging Bracket	Gross Amount	Expected Credit Loss	ECL%	Gross Amount	Expected Credit Loss	ECL %	Low credit rating
Not Due	33,009,390	17,862	0.05%	54,998,236	140,266	0.3%	No
Due:							No
1 to 90 days	68,423,441	44,418	0.06%	48,158,050	145,666	0.3%	No
91 to 180 days	48,618,732	40,662	0.08%	47,751,642	187,074	0.4%	No
181 to 270 days	36,809,184	33,561	0.09%	19,739,239	108,916	0.6%	No
271 to 360 days	39,375,071	39,146	0.1%	13,212,911	107,008	0.8%	No
More than 360 days	171,060,164	121,518,697	71%	124,795,498	106,612,333	85.4%	Yes
Total	**397,295,982**	**121,694,346**	**31%**	**308,655,576**	**107,301,263**	**35%**	

During the current year, the management updated the assumptions used in calculating the provision for impairment as well as it rebuilt its expected credit losses model according to the current status of receivables and the probability of repayment.

12-3 Contract assets represent the values of services provided and not invoiced up to the date of preparing the financial statements.

	As of March 31,	
	2024	2023
Unbilled Revenue	-	13,156,520
Less: Provision of impairment loss on contract assets	-	(44,242)
Ending Balance	-	13,112,278

The movement in the provision of impairment loss on contract assets is as follows:

	As of March 31,	
	2024	2023
Balance at the beginning of the year	44,242	434,882
Reversed during the year	(44,242)	(390,640)
Balance at the end of the year	-	44,242

13. PREPAYMENT EXPENSES AND OTHER CURRENT ASSETS

	As of March 31,	
	2024	2023
Advances to suppliers	19,308,197	3,868,130
Margins held by banks against letters of guarantee issued	12,700,164	22,921,235
Advances to employees	499,665	444,110
Prepaid insurance expenses	2,370,084	1,027,672
Prepaid rental expenses	121,290	121,290
Others	260,227	19,998
	35,259,627	28,402,435

14. CASH AND CASH EQUIVALENTS

This represents cash held in current accounts with banks operating in the Kingdom of Saudi Arabia.

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15. STATUTORY RESERVE

In accordance with the Company's Bylaws, the Company is required set aside 10% of its net profit each year as statutory reserve until such reserve equals to 30% of the share capital. This reserve is not available for distribution to shareholders.

16. ACCOUNTS PAYABLE

	Note	As of March 31, 2024	2023
Accounts payable - with deferred payment agreements	16.1	207,070,331	216,976,809
Accounts payable - Other		247,168,162	155,730,657
Balance at the end of the year		**454,238,493**	**372,707,466**
Current-portion			
Accounts payable - with deferred payment agreements		63,836,029	65,071,055
Accounts payable - Other		247,159,162	155,730,657
		310,995,191	**220,801,712**
Non-current portion			
Accounts payable - with deferred payment agreements		143,243,302	151,905,754
		454,238493	**372,707,466**

16.1 Movement in deferred payment agreements is as follows:

	Note	As of March 31, 2024	2023
Balance at beginning of the year		216,976,809	241,423,050
Addition during the year		63,867,879	23,984,052
Discount from present value calculation during the year	27	(21,148,567)	(1,727,868)
Paid during year		(64,404,856)	(56,410,155)
Unwinding of discount during the year	27	11,779,066	9,707,730
Balance at end of the year		**207,070,331**	**216,976,809**

16.2 Movement in Non-current portion is as follows:

	Note	As of March 31, 2024	2023
Balance at beginning of the year		151,905,754	185,012,918
Transferred from Current payable		63,876,855	23,984,053
Discount from present value calculation during the year	16-2-1	(21,148,567)	(1,727,868)
Transferred to Current payable		(63,169,806)	(65,071,079)
Unwinding of discount during the year		11,779,066	9,707,730
Balance at end of the year		**143,243,302**	**151,905,754**

16-2-1 Major Vendor:

In February 2021, the Company signed an agreement with a major vendor to settle all balances and dues between the two parties, which resulted in a new agreed balance due to the main supplier related to all services (Note 1).

	Note	As of March 31, 2024	2023
Balance at beginning of the year		132,723,090	172,788,978
Transferred to Current payable		(49,000,000)	(49,000,000)
Unwinding of discount during the year	16-2	7,004,144	8,934,112
Balance at end of the year		**90,727,234**	**132,723,090**

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16. ACCOUNTS PAYABLE (continued)

16-2-2 CST (Settlement agreement number 1):
On January 25, 2022, the Company signed an agreement with the CST to reschedule its liability to be paid over 36 equal monthly payments of SAR 617 thousand each, ending in January 2025. The present value of the liabilities was calculated as per the requirements of IFRS 9 (Note 1.b).

	Note	As of March 31, 2024	2023
Balance at beginning of the year		5,587,402	12,223,940
Transferred to Current payable		(6,175,130)	(7,410,156)
Unwinding of discount during the year	16-2	587,728	773,618
Balance at end of the year		-	**5,587,402**

16-2-3 CST (Settlement agreement number 2):
On March 21, 2023, the Company signed an agreement with the CST to reschedule its liability to be paid over 36 equal monthly payments of SAR 666 thousand each, ending in February 2026. The present value of the liability was calculated as per the requirements of IFRS 9 (Note 1).

	Note	As of March 31, 2024	2023
Balance at beginning of the year		13,595,262	-
Transferred from Current payable		-	23,984,053
Discount from present value calculation during the year		-	(1,727,868)
Transferred to Current payable		(7,994,676)	(8,660,923)
Unwinding of discount during the year		548,747	-
Balance at end of the year		**6,149,333**	**13,595,262**

16-2-4 CST (Settlement agreement number 3):
On May 10, 2023, the Company signed an agreement with the CST to reschedule a liability of SAR 63.88 million to be paid over 7 years of SAR 9.13 million each year starting from April 1, 2025. (Note 1).

	Note	As of March 31, 2024	2023
Balance at beginning of the year		-	-
Transferred from Current payable		63,876,855	-
Discount from present value calculation during the year	16-2	(21,148,567)	-
Transferred to Current payable		-	-
Unwinding of discount during the year	16-2	3,638,447	-
Balance at end of the year		**46,366,735**	-

17. EMPLOYEES' DEFINED BENEFIT OBLIGATION

17-1 Movement in the present value of the defined benefit obligation is as follows:

	Note	As of March 31, 2024	2023
Balance at beginning of the year		8,069,431	8,844,000
Current service cost		1,802,884	1,382,657
Interest cost		301,258	281,887
Amount recognized in profit or loss account		**2,104,142**	**1,664,544**
Re-measurement loss recognized in other comprehensive loss	17-2	1,840,815	388,544
Benefits paid during the year		(910,545)	(2,827,657)
Balance at the end of the year		**11,103,843**	**8,069,431**

17-2 Re-measurements loss recognized in other comprehensive income are as follow:

	As of March 31, 2024	2023
Loss resulting from experience adjustments	(1,840,815)	(388,544)
Actuarial loss	**(1,840,815)**	**(388,544)**

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17. EMPLOYEES' DEFINED BENEFIT OBLIGATION (continued)

17-3 Principal actuarial assumptions

The following were the principal actuarial assumptions:

	For The Year Ended March 31,	
	2024	2023
Key actuarial assumptions:		
Discount rate used	%5.15	3.95%
Future growth in salary	%2.50	0.50%
Demographic assumptions:		
Retirement Age	60 year	60 year

17-4 Sensitivity analysis

Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	March 31, 2024		March 31, 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	10,419,966	11,887,797	7,586,173	8,620,699
Future salary growth (1% movement)	11,959,122	10,346,182	8,677,805	7,528,233

17-5 Risks associated with defined benefit plans

Longevity risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual salary increases are higher than expectation and impacts the liability accordingly.

18. DECOMMISSIONING PROVISION

		As of March 31,	
	Note	2024	2023
Balance at the beginning of the year		3,463,393	3,335,815
Unwinding of discount for the year	27	132,457	127,578
Balance at the end of the year		**3,595,850**	**3,463,393**

19. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

		As of March 31,	
	Note	2024	2023
Government fees	19-1	106,481,142	116,588,978
Other suppliers		69,310,791	47,889,060
Compensation of creditors for subscription to priority rights shares		24,704,356	1,277,100
Employee benefits		23,597,650	20,597,934
Remuneration and allowances for members of the Board of Directors		2,456,357	2,058,949
Value added tax		4,348,074	2,326,161
		230,898,370	**190,738,182**

19.1 This represents amounts accrued in respect of royalty fees payable to CST. As more fully explained in note (29).

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20. CONTRACT LIABILITIES

Contract liabilities represent cash received from customers in advance, and performance obligations related to them have not been fulfilled in part or in whole, and their revenue is recognized over a period of time (contract period).

	As of March 31,	
	2024	2023
Contract liabilities	23,804,615	45,653,361

The amount of SR 45,653,361included in contract liabilities at March 31, 2023 has been recognized as revenue in the year ended March 31,2024.

The Company does not have revenue recognized during the current or previous year from contract liabilities for which the related performance obligation has been fully or partially fulfilled during previous periods.

21. PROVISION FOR ZAKAT AND TAX

21.1 Movement:

Movement in provision for zakat and tax is as follows:

	As of March 31,	
	2024	2023
Balance at beginning of the year	2,105,181	17,399,243
Zakat charge during the year	5,421,415	1,035,358
Income tax charge during the year	1,432,120	242,408
Reversed during the year	(868,866)	(1,277,766)
Paid during the year	(1,236,315)	(15,294,062)
Balance at end of the year	**6,853,535**	**2,105,181**
The breakdown of Zakat paid is as follows:		
Zakat settlement payments during the year	1,236,315	12,509,367
The zakat charged for the previous years and paid during the year	-	2,784,695
Total payments during the year	**1,236,315**	**15,294,062**

21.2 Computation of zakat

	For The Year Ended March 31,	
Adjusted profit (loss)	2024	2023
Net profit (loss) for the year	200,663,054	42,468,239
Adjustments: provisions and others	25,229,245	671,696
Adjusted loss for the year	**225,892,299**	**43,139,935**
Saudi / GCC shareholders' share of adjusted profit 96%	**216,856,606**	**41,414,337**
Additions		
Share capital*	116,075,511	89,999,000
Long term payables	143,243,302	154,312,785
Provisions	117,967,785	135,336,460
Lease liabilities	113,186,022	147,999,072
	707,329,226	**569,061,654**
Deductions	-	(16,003,183)
Accumulated losses at beginning of year	(566,648,388)	(548,726,850)
Net book value of property and equipment at end of year	**140,680,838**	**4,331,621**
	216,856,606	**41,414,337**
Share of Saudi / GCC shareholders 96%	135,053,604	4,158,356
Saudi / GCC shareholders' share of adjusted profit	**216,856,606**	**41,414,337**
Zakat base		
Zakat charge for the year	**5,421,415**	**1,035,358**

* Zakat is calculated from the adjusted net profit at 2.5%, while the zakat base is calculated from the zakat base less the adjusted net profit at 2.577684% (during 2022, zakat is due at 2.577684% of the zakat base after deducting the adjusted net profit and 2.5% of the adjusted net profit.

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21. PROVISION FOR ZAKAT AND TAX (continued)

21.3 Computation of income tax:

	For The Year Ended March 31, 2024	2023
Non-Saudi / GCC shareholders' share of adjusted (loss) / profit 4%	7,160,600	1,616,051
Deductions		
Accumulated losses at beginning of year	-	(404,013)
Tax base	**7,160,600**	**1,212,038**
Tax charge for the year (20%)	**1,432,120**	**242,408**

21.4 Provision for zakat and income tax:

	For The Year Ended March 31, 2024	2023
Zakat charge during the year	5,421,415	1,035,358
Income tax charge during the year	1,432,120	242,408
Reversal during the year	(868,866)	(1,277,766)
Total charged during the year	**5,984,669**	-

21.5 Zakat and tax status

The Company has filed its Zakat and tax return with the Zakat, Tax and Customs Authority ("ZATCA") for the years up to March 31, 2023.

- In July 2015, the ZATCA raised zakat and withholding tax (WHT) assessment for the years 2010 to 2012 amounting to SAR 17.43 million and SAR 0.83 million respectively. The Company filed an appeal with the ZATCA against the assessments in August 2015. In response to an appeal filed by the Company, the Preliminary Appeal Committee (PAC) issued a ruling in October 2016 based on which the Company's zakat liability was reduced to SAR 6.98 million.
- In December 2016, the Company filed an appeal to the Higher Appeal Committee (HAC) against the PAC ruling in relation to zakat and imposition of a delay fine on WHT. However, the Company has settled the WHT liability of SAR 0.83 million and the related fine of SAR 0.6 million with the ZATCA. In March 2022 the Company received a decision on the appeal from The First Appeals Chamber for Income Tax Interventions and Disputes mentioned that some points were accepted and others were rejected, and the Company raised an appeal to the General Secretariat of Tax Committees. On February 6, 2023, the Tax Committees for Resolution of Tax Violations and Disputes Construction held its session in the presence of the representative from the Company and the representative from ZATCA, the lawsuit filed by the Company against the ZATCA was accepted and the decision was issued proving the end of the dispute, and accordingly the amount owed by the Company amounting to 6.98 million Saudi Riyals was canceled from the ZATCA records.

No Zakat assessment for the year 2013 was received from the ZATCA.

- In July 2020, the ZATCA raised the zakat assessment for the year 2014 by an additional amount of SAR 5.53 million, and in December 2020, the ZATCA raised zakat and tax assessment for the fiscal years 2015, 2016, 2017, and 2018 with an additional amount of SAR 4.089 million, SAR 4.57 million, SAR nil, and SAR 18 million respectively. The Company went for a settlement with the Settlement of Zakat and Tax Disputes Committee in August 2021 and the Company attended a hearing record with the Settlement Committee, and the Settlement Committee sent the Company a proposal to pay SAR 20.85 million for the years 2014, 2015, 2016, 2017, and 2018, the Company accepted the proposal and paid the settlement amount in full over 5 equal installments ended in December 2022.

- In October 2021 the ZATCA raised the zakat assessment for the year 2019 with an amount of zero SAR, which matched the filed form for the year.

- The Company submitted the tax and zakat declaration with ZATCA for the financial years 2020, 2021, and 2022 and paid the declarations amount that equals to SAR 4.5 million, SAR 2.8 million and SAR 1 million respectively The Authority issued a zakat assessment for the fiscal years 2020, 2021, and 2022. There are no differences, which is Which corresponds to the form provided.
- Based on the management and the zakat consultant that no additional provision is required other than what has already been provided for.

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22. REVENUE

22.1 Revenue per Service

	For The Year Ended March 31, 2024	2023
Data and internet revenue	556,086,271	421,095,533
Voice revenue	193,159,162	37,262,760
Interconnection revenue	23,019,838	46,891,406
Enterprise solutions revenue	218,594,408	107,314,608
Installation revenue	25,259,057	17,775,483
	1,016,118,736	**630,339,790**

22.2 Timing of revenue recognition

	For The Year Ended March 31, 2024	2023
Recognized over time	604,365,166	467,986,939
At a point in time	411,753,570	162,352,851
	1,016,118,736	**630,339,790**

- As of 31 March 2024, the total financial transaction price for numbers that have not been met (or is not met partially) and related to contracts with customers whose original duration is more than one year amounted to SR 150,768,039. The Company expects to recognize the full amount of these liabilities as revenue in the following reporting periods.

2025	2026	2027	2028	2029	Total
97,838,296	42,727,816	5,956,432	4,243,297	2,198	**150,768,039**

- As a practical expedient to IFRS 15, the Company did not disclose the total transaction price for contracts for which the performance obligation is part of a contract with an original duration of less than one year or less.

23. COST OF REVENUE

	Note	For The Year Ended March 31, 2024	2023
Capacity lease charges		223,028,007	166,753,611
Interconnection cost		222,509,159	103,402,123
Depreciation and amortization	6.7.8	46,081,061	45,611,726
Inventory consumption and installation		90,057,530	44,365,521
Government fees		67,783,305	40,784,780
Employees' costs		37,746,095	25,990,162
Clouding and hosting		4,051,594	8,012,331
Network maintenance and support		14,914,317	6,364,177
Cloud storage and servers		4,333,515	3,113,679
Other		143,679	3,253,510
		710,648,262	**447,651,620**

24. SELLING AND MARKETING EXPENSES

	For The Year Ended March 31, 2024	2023
Employees' costs	34,002,677	34,849,368
Dealers' commission	14,288,454	26,176,000
Marketing and advertising cost	6,799,890	5,691,816
Customer care	3,075,063	2,540,234
Other	516,028	263,287
	58,682,112	**69,520,705**

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25. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	For The Year Ended March 31, 2024	2023
Employees' costs		40,249,122	31,524,270
Remuneration and allowances for members of the Board of Directors		2,778,431	2,325,282
Depreciation and amortization	6.7.8	15,750,464	15,297,077
Network maintenance and support		3,429,024	6,628,193
Professional and consultancy charges		11,590,728	4,051,845
Insurance and iqama expenses		4,014,850	2,804,229
Utilities charges		-	1,300,951
Computer software and supplies		35,003	223,091
Legal Cases Provisions		2,468,915	1,638,442
Other		7,256,230	8,119,842
		87,572,767	**73,913,222**

26. OTHER INCOME, NET

	For The Year Ended March 31, 2024	2023
Settlements with site lease liabilities, net	50,294,940	9,536,267
Settlement with vendors and others	4,290,684	4,528,449
Gains from the sale of property and equipment	125,465	-
Gains from the sale of intangible assets	277,653	-
Losses on the sale of inventory	(403,810)	-
Loss from disposal of lease contracts	(758,746)	408,669
Others	471,424	-
Government fines	(120,000)	-
	54,177,610	**14,473,385**

27. FINANCE COST/(INCOME), NET

	Note	For The Year Ended March 31, 2024	2023
Unwinding of discount on long term liabilities	16-1	11,779,066	9,707,730
Interest cost on lease liabilities	8-2	4,073,398	5,294,050
Interest cost on defined benefit liability	17	301,258	281,887
Unwinding of provision for dismantling cost	18	132,457	127,578
Other finance cost		3,243,698	1,748,174
Finance income	16-1	(21,148,567)	(1,727,868)
		(1,618,690)	**15,431,551**

28. EARNINGS PER SHARE

	For The Year Ended March 31, 2024	2023
Net profit for the year	194,678,385	42,468,239
Weighted average number of shares for the year	**30,268,721**	**29,622,940**
Basic and diluted gains per share	**6.43**	**1.43***

* Modified priority rights

Earnings per share is computed by dividing net profit attributable to the ordinary shareholders of the Company for the year, by the weighted average number of shares outstanding during the year, taking into account the addition factor.

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29. CONTINGENCIES

Contingencies

Letter of guarantees

The Company has outstanding letters of guarantees as of March 31, 2024 by the amount of SR 50 million (March 31, 2023: SAR 50 million).

Legal cases status

The company became a party to legal cases worth 2,720,959 with some suppliers and employees during the normal course of business, and the allocated allocation against them amounted to 1,784,492 Saudi riyals. In the opinion of the management and the legal advisor, there is no need to record any additional allocations as of March 31, 2024.

CST liability

he Ministry of Finance requested the Company, according to its letter dated August 26, 2017, to pay an amount of 155.7 million Saudi riyals to the Authority as a franchise fee. the Company has completed some aspects of the mechanism for calculating the franchise fees due to the Authority, and the Authority has issued amended invoices for fees. However, the authority also billed franchise fees on the Company's internet revenue. The management and the legal advisor see that Internet revenues are not subject to royalties and therefore have raised the matter with the Authority. The administration considers that the actual amount due to the Authority for all its claims will not exceed the amount 63.9m due in the books of accounts, and accordingly, no payments related to the disputed invoices have been recorded. Then, as of January 31, 2018, the authority revised the calculation of the franchise fee to include internet services.

On May 10, 2023, the company concluded an agreement with the Communications, Space and Technology Commission to settle the balances and dues between the two parties from the beginning of the dealing period until the end of December 31, 2018 (Note 1 and 16-2-4), and the agreement resulted in the following:

1) Payment of the amount agreed upon with the Authority and recognized in the company's books in the amount of 63,876,855 Saudi Riyals to the Authority in installments according to the table shown below:

Installment No.	Amount (SAR)	Date of payment
First	9,125,265	April 1, 2025
Second	9,125,265	April 1, 2026
Third	9,125,265	April 1, 2027
Fourth	9,125,265	April 1, 2028
Fifth	9,125,265	April 1, 2029
Sixth	9,125,265	April 1, 2030
Seventh	9,125,265	April 1, 2031
Total	**63,876,855**	

2) The amount disputed with the Authority and not recognized in the company's books, amounting to 64,089,784 Saudi riyals, was written off by the Authority

30. SEGMENTAL INFORMATION

Information regarding the Company's operating segments is set out below in accordance with IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) and used to allocate resources to the segments and to assess their performance.

the Company is engaged in a single line of business, being the supply of telecommunication services and related products. The majority of the Company's revenues, profits and assets relate to its operations in Saudi Arabia. The operating segments that are regularly reported to the CODM are explained below:

- **Voice** comprise of local and international calls including interconnection.
- **Data** comprise of internet broadband services provided to business-to-business (B2B) and business-to-consumer (B2C).
- **Unallocated** represents others which cannot be attributed to any of the reported operating segment.
- **E-Commerce** transactions are not material during the year-end financial statements. the Company will continuously assess e-commerce transactions materiality.

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30. SEGMENTAL INFORMATION (continued)

	As of March 31, 2024			
	Voice	Data	Unallocated	Total
Segment assets				
Property and equipment	4,274,793	159,436,258	-	163,711,051
Intangible assets	8,519,346	317,744,677	-	326,264,023
Right of use assets	2,102,401	78,412,913	-	80,515,314
Total assets	277,273,481	1,090,074,911	-	1,367,348,392
Total liabilities	314,290,536	494,144,775	-	808,435,311

	For The Year Ended March 31, 2024			
	Voice	Data	Unallocated	Total
Segment revenue and costs				
Revenue	261,514,376	754,604,360	-	1,016,118,736
Cost of revenue	(28,348,694)	(682,299,568)	-	(710,648,262)
Gross profit	**233,165,682**	**72,304,792**	-	**305,470,474**
Selling and marketing expenses	-	-	(58,682,112)	(58,682,112)
General and administrative expenses	-	-	(87,572,767)	(87,572,767)
Impairment loss on trade receivables	-	-	(14,348,841)	(14,348,841)
Other income, net	-	-	54,177,610	54,177,610
Finance cost, net	-	-	1,618,690	1,618,690
Zakat and income tax	-	-	(5,984,669)	(5,984,669)
Net profit	**233,165,682**	**72,304,792**	**(110,792,089)**	**194,678,385**

	As of March 31, 2023			
	Voice	Data	Unallocated	Total
Segment assets				
Property and equipment	3,137,080	117,940,740	-	121,077,820
Intangible assets	8,393,672	313,057,468	-	321,451,140
Right of use assets	2,772,363	103,400,388	-	106,172,751
Total assets	129,200,651	757,610,946	-	886,811,597
Total liabilities	281,787,840	488,948,246	-	770,736,086

	For The Year Ended March 31, 2023			
	Voice	Data	Unallocated	Total
Segment revenue and costs				
Revenue	144,577,369	453,916,837	31,845,584	630,339,790
Cost of revenue	(17,537,789)	(422,101,501)	(8,012,330)	(447,651,620)
Gross profit	**127,039,580**	**31,815,336**	**23,833,254**	**182,688,170**
Selling and marketing expenses	-	-	(69,520,705)	(69,520,705)
General and administrative expenses	-	-	(73,913,222)	(73,913,222)
Impairment loss on trade receivables and contract assets	-	-	4,172,162	4,172,162
Other income, net	-	-	14,473,385	14,473,385
Finance cost, net	-	-	(15,431,551)	(15,431,551)
Zakat and income tax	-	-	-	-
Net profit	**127,039,580**	**31,815,336**	**(116,386,677)**	**42,468,239**

Information about geographical segmentation

	For The Year Ended March 31,	
	2024	2023
Kingdom of Saudi Arabia	1,015,451,638	628,598,543
Outside Kingdom of Saudi Arabia	667,098	1,741,247
	1,016,118,736	**630,339,790**

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31. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Company comprise the shareholders having significant influence, their affiliated companies, Board of directors and key management personnel. In the ordinary course of business, the Company enters into transactions with related parties on terms approved by the Board of Directors of the Company.

Significant transactions entered into with related parties are as follows:

			For The Year Ended March 31,	
Related parties name	**Relationship**	**Nature of transaction**	**2024**	**2023**
Bahrain Telecommunication Company	Shareholder	Data revenue	1,894,709	1,902,763
		Interconnection revenue	270,270	270,270
		Interconnection cost	2,244,608	2,343,943

The above transaction resulted in the following balances with these companies:

		As at March 31	
Due from related party	**Relationship**	**2024**	**2023**
Bahrain Telecommunications Company	Shareholder	590,953	670,582
		590,953	**670,582**

	For The Year Ended March 31,	
Transactions with key management personnel's	**2024**	**2023**
Short-term employee benefits	16,415,620	13,228,256
Expenses and allowances for attending meetings for members of the Board of Directors	2,778,431	2,325,282
End of service	176,136	82,505
	19,370,187	**15,636,043**

32. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

i. Fair values

The fair values of financial and non-financial assets and liabilities are determined for measurement and/or disclosure purposes on the basis of the accounting policies disclosed in the financial statements. As at the reporting date, the fair value of the Company's financial assets and liabilities was a reasonable fair value

ii. Financial risk management

the Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Commission rate risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk Management framework

The Board of Directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.
the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(Saudi Riyal)

32. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

Risk Management framework (continued)

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. the Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee ensures and reviews management's compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit risk

the Company manages exposure to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit exposures arise principally from the Company's receivables, the maximum exposure to credit risk represents the carrying value of these assets.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

	As of March 31,	
	2024	**2023**
Trade receivables *(note 12)*	275,601,636	201,354,313
Other current assets *(note 13)*	13,199,829	23,365,345
Cash and cash equivalents *(note 14)*	434,998,692	53,062,659
	723,800,157	**277,782,317**

Trade receivables and contract assets:

the Company's exposure to credit risk is influenced mainly by the collective characteristics of the B2C sector and by the individual characteristics of the B2B sector. However, the management also takes into account the risk of default of the business sectors and individuals, as these factors may have an impact on the credit risk, and there is no concentration of credit risk geographically.

It is the Company's policy that all clients who wish to trade on credit terms are subject to a credit check procedure. The credit quality of the customer is evaluated based on the financial solvency of each individual customer. In addition, receivable balances are monitored on an ongoing basis.

Customer credit risk is managed by each business unit subject to the Company's policy, procedures and controls in relation to the management of customer credit risk. Credit limits are set for all customers using internal and external rating criteria.

In order to avoid excessive concentration of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risk are controlled and managed accordingly.

The Company's management has established a credit policy according to which each new customer is analysed separately in terms of financial solvency before stating the Company's terms and conditions for the payment process. A company review includes external valuations, when available, and in some cases, bank references. Purchase limits are established for each customer, which represent the maximum amount without the need for the approval of the Company's management; These limits are reviewed every year. Customers who fail to meet the Company's standard creditworthiness may transact with the Company only on a prepaid basis only.

The concentration of risks related to trade receivables and contract assets is limited because the Company's customers consist of a large number of unrelated customers and there is no customer whose revenue exceeds more than 10% of the Company's total revenue. Payment terms and credit limit are set in accordance with the standards of the telecommunications sector.

An impairment analysis is performed at each reporting date using a provision matrix for measuring expected credit losses. Credit loss rates are based on days past due for groups of different customer segments with similar loss patterns (ie customer type and classification). Note (12) include information about exposure to credit risk on trade receivables and contract assets of the Company using the provision matrix.

The following are the changes that led to the increase / (decrease) in the allowance for impairment in trade receivables and contract assets:

• An increase in the impairment trade receivables by SAR 46.2 million led to an increase in the impairment allowance by SAR 14.3 million.

• The increase in total trade receivables and total contract assets did not lead to an increase in the allowance for impairment due to the improvement of collection and to the reconstruction of the expected credit losses model during the year ending on March 31, 2024. Improvement in the collection and rebuilding the model resulted in a decrease in the impairment allowance by SAR 14.3 million.

(Saudi Riyal)

32. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

Cash and cash equivalents:
the Company's bank balances are placed with reputable local banks having sound credit ratings. the Company believes that it would be able to realise its balances from these banks without any loss to the Company.

Geographical concentration of risks of financial assets with credit risk exposure
the Company's operations are principally in the Kingdom of Saudi Arabia and hence significant exposures are within the Kingdom with the exception of its voice interconnect receivables which are geographically spread in various countries.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments, contingencies and commitments. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due without incurring unacceptable losses or risking the Company's reputation.

The management closely and continuously monitors liquidity risk by conducting a regular review of available funds, current and future commitments, and operating and capital expenditures. Furthermore, the Company monitors the actual cash flows and seeks to match the maturity dates of its financial assets and liabilities.

The Company also limits liquidity risk by monitoring funding requirements and deferring payments to its suppliers, as indicated in Note No. (1.b). In addition, the Company seeks to increase its capital by issuing cash shares at a value of SR 250 million, which will help the Company to fulfill its obligations and improve the Company's liquidity level, as indicated in Note No. (1.a).

Analysis of financial liabilities by remaining contractual maturities
The Company has a major payable representing 78% of total accounts payable as at March 31, 2024. The rest of the balances do not have significant concentration risk, with exposure spread over large number of counterparties.

The table below summarises the maturity profile of the Company's financial liabilities at March 31, 2024 based on contractual cash flows. The contractual maturities of liabilities have been determined based on the remaining period at the statement of financial position date to the contractual maturity date.

2024	*Within 1 Year*	*1 to 5 Years*	*More than 5 Years*	*Total*
Accounts payable	310,995,191	96,876,567	46,366,735	454,238,493
Contract liabilities	23,804,615	-	-	23,804,615
Long term accounts payable	-	14,699,693	-	14,699,693
Other current liabilities	237,751,905	-	-	237,751,905
Lease liability	23,091,629	54,848,976	-	77,940,605
	595,643,340	**166,425,236**	46,366,735	**808,435,311**

2023	*Within 1 Year*	*1 to 5 Years*	*More than 5 Years*	*Total*
Accounts payable	220,801,712	151,905,754	-	372,707,466
Contract liabilities	45,653,361	-	-	45,653,361
Long term accounts payable	-	11,532,824	-	11,532,824
Other current liabilities	192,843,363	-	-	192,843,363
Lease liability	56,102,468	91,896,604	-	147,999,072
	515,400,904	**255,335,182**	-	**770,736,086**

Market risk
Market risk is the changes in market prices, such as foreign exchange rates and commission rates which will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(Saudi Riyal)

32. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. the Company is subject to fluctuations in foreign exchange rates in the normal course of its business. the Company did not undertake significant transactions in currencies other than Saudi Arabian Riyals and US Dollars. The foreign currency risk with respect to the US Dollars is limited as the Saudi Arabian Riyal is pegged to the US Dollar.

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. the Company is subject to commission rate risk on its commission bearing liability, including loans and borrowings. the Company manages its commission rate risk by maintaining floating rate term loans at an acceptable level.

iii. **Fair Value levels**

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Assets and liabilities that are not measured at fair value on a recurring basis:

	As of March 31, 2024			
	Book value	Fair value		
SAR		Level 1	Level 2	Level 3
Financial Liabilities				
Long term accounts payable	143,243,302	-	-	137,836,296

	As of March 31, 2023			
	Book value	Fair value		
SAR		Level 1	Level 2	Level 3
Financial Liabilities				
Long term accounts payable	151,905,754	-	-	142,795,397

The fair value of other non-current financial liabilities is estimated by discounting future cash flows using currently available rates for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in expected cash flows or the discount rate. The evaluation requires management to use unobservable inputs in the model. Significant unobservable inputs are disclosed in the tables below. Management regularly evaluates a range of reasonably possible alternatives to these significant unobservable inputs and determines their effect on the total fair value The book value of the financial assets and financial liabilities stated in the Company's financial statements approximates their fair values.

Describe the significant unobservable inputs to be evaluated:

Type of financial instrument	Fair value as at 31 March 2024	Valuation technique	Unobservable inputs	Value sensitivity of the fair measurement to unobservable inputs
Long term payables	137,836,296	Discounted cash flows	Future periods interest rate	A 1% increase / (decrease) in the interest rate would lead to an increase / (decrease) in the fair value by SAR3.2 million

(Saudi Riyal)

33. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base to maintain creditor and market confidence and to sustain future development of the business. Management periodically monitors the growth of business, asset quality risks and return on capital as well as the level of dividends to be distributed to shareholders.

The Board of Directors seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

the Company monitors capital using a ratio of "adjusted net debt" to "adjusted equity". For this purpose, Adjusted Net Debt is defined as the total liabilities consisting of Murabaha financing and long-term payables, including current portions, less cash and cash equivalents. Adjusted equity consists of all elements of equity.

The Company's net debt to equity ratio at the end of the year are as follows:

	As of March 31,	
	2024	**2023**
Total Liabilities	808,435,311	770,736,086
Less: Cash and cash equivalents	(434,998,692)	(53,062,659)
Net Liabilities	373,436,619	717,673,427
Total equity	558,913,081	116,075,511
Net debt to equity	**0.67**	**6.18**

34. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation in the current year, to enhance the comparability of information and to be more appropriate for users of financial statements, as follows:

Statement of financial position:

As of March 31, 2023	Impact of reclassification		
	As previously reported	**Reclassification**	**As currently reported**
Property and equipment, net	121,102,959	(25,139)	121,077,820
Inventories	16,607,992	25,139	16,633,131

35. SUBSEQUENT EVENTS

- On June 4, 2024, the disbursement of bonuses to members of the Board of Directors and its committees in the amount of 2,457,293 Saudi riyals for the year ending on March 31, 2024 was approved by the Board of Directors by passing.
- On June 4, 2024, approval was made to disburse bonuses to the senior executive management and company employees at an amount of 17,689,086 Saudi riyals, in addition to supporting the annual bonus budget for the current year ending on March 31, 2024, in an amount of 3,946,361 Saudi riyals.
- On June 8, 2024, the Board of Directors recommended distributing cash dividends to shareholders at the rate of 30 halalas per share, with a total amount of 10,199,970 Saudi Riyals.

36. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors on 2 Dhu al-Hijjah 1445H (Corresponding to June 8, 2024).